

FLOOD CONTROL ADVISORY BOARD

MINUTES

December 4, 2002

Vice Chairman Shirley Long called the monthly meeting of the Flood Control Advisory Board to order at 2:00 p.m. on Wednesday, December 4, 2002.

Board Members Present: Shirley Long, Vice Chairman; Scott Ward, Secretary; Kent Cooper; Hemant Patel; Tom Callow, Ex Officio; Tom Sands (for Paul Cherrington), Ex Officio.

Board Members Absent: Mel Martin, Chairman; Paul Cherrington, Ex Officio.

Staff Members Present: Mike Ellegood, Chief Engineer and General Manager; Julie Lemmon, General Counsel; Dick Perreault, CIP/Policy Manager; Ed Raleigh, Engineering Division Manager; Tom Renckly, Structures Management Branch Manager; Doug Williams, Regional Area Manager; Jim Schwartzmann, Lands Division Manager; Lucia deCordre, Landscape Planner; Tim Phillips, Regional Area Manager; Grant Ingram, Utility Coordinator, Planning and Project Management; Alicia Robertson, Clerk of the FCAB; Anne Van Note, Administrative Coordinator.

Guests Present: Bruce Wilcox, HDR; Fritz, MCDOT; Hasan Mushtaq, City of Phoenix; and Patrick Wolf, Entellus.

JIM SCHWARTZMANN RETIREMENT CERTIFICATE

Mike Ellegood presented a certificate of retirement to Jim Schwartzmann on behalf of the Board of Supervisors. Jim is the Lands Division Manager and has been an excellent member of the Management Team at the District and he will be missed.

1) APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 23, 2002

ACTION: It was moved by Mr. Callow and seconded by Mr. Ward to approve the minutes as submitted. The motion carried unanimously.

2) FISCAL YEAR 2003/2004 PRIORITIZATION RECOMMENDATIONS

Dick Perreault, CIP Manager, presented the Fiscal Year 2003/2004 Prioritization Recommendations for the Capital Improvement Program (CIP). Dick gave an overview of the

project scores and recommendations that were presented at the October 23rd Flood Control Advisory Board (FCAB) meeting. Dick then presented a draft summary of the CIP project recommendations in table format. The table lists all prioritization projects that have been formally recommended and have not yet been completed. There are two categories of projects: Active, which means it is in the current 5 year CIP; and In-active, which means the project is in the queue but it is not currently in the 5 year CIP. This is a draft table, some changes will be made and numbers will change, but the projects will not change. The staff recommendation is that the FCAB approve the Fiscal Year 2003/2004 Prioritization Recommendation for the CIP Budget and the draft Table #3 "Recommended Prioritization Projects in FY 03/04 -07/08 Five Yr. CIP, dated 12/4/2002". Table #3 will be modified and sent to our client cities and agencies next month.

Discussion:

Ward: Dick, can you go over the columns starting at the top, the initial cost estimate and the expenditures and the totals to brief some of the new people and myself.

Perreault: The large column on the left is the project description. Next to the name of the project is the FY in which the project was submitted. The next column shows the entity that proposed the project whether it was a city or an agency. The initial cost estimate is the project cost that was submitted by the city or agency. Many times this column changes, our experience has been the initial cost estimate is usually low. In some cases, the numbers reflected in the initial cost estimate may be from a study the District did and the cities just report back our information, in these cases the numbers are usually closer.

Ward: It would be helpful for me knowing we are going into a meeting tomorrow with the Board of Supervisors to know how much the District or the County contributes to these projects? I'd like to know how much each individual client city participates on a project. I think we need to be at a standpoint that if we are going to do projects and we are going to be limited on budget money in the next couple of years that we really get those client cities to step up. Focus on projects where the client city is willing to step up 50/50. I see tougher and tougher budget issues, the more I read in the paper and the more I talk to Supervisor Brock. I would really like to see who is joining with us on these projects.

Ellegood: We are going into difficult budget times, but I think our issues are going to pale in comparison to budget issues of the cities. Cities are much more dependent on sales tax and revenue from the state than we are. Although it is going to be difficult for us, I don't think we are going to face near the challenge our client cities are going to face in the next years. Now understanding that they are headed into this budget issue a lot of it could not be forecast to well. I've asked Dick to write to each of our cities that have a major CIP project to confirm that they will be able to meet their commitment. Otherwise, we will take the budgeted money and put it somewhere else where a client city can cost share. One of the issues that I will bring forth to the Board of Supervisors is the issue of cost share. I think it is important the Board of Directors understand the ramifications of cost share. A key element that several of our client cities are very quick to remind us of is when we construct in unincorporated Maricopa County we do not have a cost share partner. We are taking revenue from Mesa and Scottsdale and other places and we are putting it where there is no tax base. Is this fair? I don't pretend to say it is or isn't, but this issue needs to be discussed by our Board of Directors. We are very sensitive to the cost share issues. I am a strong believer in cost share, I think it is healthy and I think it makes for a better project. Whether the 50/50 as we have been heading toward is appropriate or not, I can't say. Our Directors will have to make that decision, but I am very sensitive to the economic woes several of our cities are going to have in the next couple of years. Do you want to add to that Tom? You are very familiar with it.

Callow: I think the key thing from the City's perspective is the City has no revenue stream to put towards the cost share. In our case, whatever money we put towards these projects is a bond

issue that has to pass to get the money. MAG went to the state and said we want a fair share when you are collecting from Maricopa County in tax revenue we'd like you to bring some of that tax revenue back to Maricopa County. The City feels the same way; if you are collecting taxes within the City of Phoenix you should bring that revenue back to the City and not export it to unincorporated Maricopa County. It is very difficult to convince people that you've been taxed for Flood Control and you turn around and are taxed again in order to have access to that money. That is the bind we find ourselves in.

Patel: We are finding that when cities can't step up with their share and the project doesn't happen, it ultimately becomes a District problem. We are spending more money on the same project later on. It does not look like sound economics to forego projects when the local community cannot cost share.

Ellegood: It is "pay me now or pay me later" in a lot of cases. Some cities clearly do not have the resources; Guadalupe was an example of this. We move ahead with the approval of the FCAB and the approval of the Board of Directors and construct what we feel needs to be constructed in the community. It is not a hard and fast rule and it is negotiated. As a general rule if there is no cost share partner, then the partner of the client city often approaches this thing as, let's see how much can we get. I want a partner that has a stake in the project as well. This falls apart in the County. The County should be able to pay money too, but they don't have that kind of money. We typically in the past have not constructed many facilities in the County. I will say however, as the Valley grows our request for projects outside the incorporated areas are going to grow with it. It is an issue we will face sooner or later.

Patel: I'm familiar with other parts of the country where the cost share burden is born by the developers in the unincorporated areas. That is a power the County does have.

Ellegood: And we do that, and have done that.

Patel: When we look at the totals on the CIP Prioritization table and we have \$104 million left in expenditures is that shown as a liability?

Perreault: In the case of the \$104 million, that is the total of anticipated or remaining District expenditures for non-active projects. These are projects that are not yet in the CIP, we call this an unmet need. We are trying to identify what is out there that should be done that has not been incorporated into the CIP. That number is a soft number based on preliminary estimates.

Comments From The Public:

Dan Cook, Assistant Public Works Director, City of Chandler, thanked the FCAB for letting him address the board on the subject of the FY 2003/2004 Prioritization Recommendations. The Flood Control participation in the City of Chandler has been very good. We have a couple of on going projects that have been underway, the central area storm drainage program as well as the recent acquisition of the Queen Creek Basin. These are two examples of the City of Chandler's commitment to participate with the District in cost sharing on major projects. I am here to express our support for projects in the CIP this year. Top priority was the improvements or excavation of the Queen Creek Basin. We appreciate the project being ranked high and we are very much in support of the project. This is a project where we participated on a 50/50 relationship. One of the things we were looking at for the project is to have a dual use basin for recreational purposes. The City is proposing in the next capital improvement program funding for the landscape and park improvements to this basin. The City has also committed to take over the long-term operation and maintenance of the facility. History has shown that as a city, we are very much supportive of these projects. The next project we appreciate being ranked and recommended is the Consolidated Canal project, which is the acquisition of property from the Queen Creek Basin down to Hunt Highway. This is adjacent to our park facility called the Paseo Trail Development. As part of this we looked at the retention basin and our flood drainage channel again being a dual use purpose. The City has over the last year or so worked with the developers and we were able as of today to get approximately 25% of the city's share dedicated

through dedications from the ongoing developers. Again like the Queen Creek Basin, the city has agreed to take on the operation and maintenance of this facility in the long term. The last project on the list, which was not recommended for funding in the fiscal year program, was the Consolidated Outfall Channel and the Southern Pacific Railroad Water Quality Basin. I don't know exactly why that was not recommended for funding. I imagine it has to do with the city not recommending we participate in the cost share for that project. However, this basin is recognized in the Higley area study as a very integral part of that drainage system. In addition as a lot of people may be aware of, vacant land is disappearing very fast in the southeast valley. We think it would be very important and prudent to program the money to acquire the land in that area at this time, even though you may not construct the basin now. Even though we are not proposing to participate, I think we have shown over the years we are willing to participate on a 50/50 basis on other projects. Again, I'd like to thank you very much for letting me address you and if you have any questions, I would be happy to answer them.

Ward: How do you fund these projects in the City of Chandler?

Cook: These projects are funded through storm water and waste water revenue bonds. Again it is a bonding program. We do have voter authorization on the bonds for the cost share on the projects that have been recommended at this time. We are ready to fund these two projects. We need to get the park improvements in our CIP and get the authorization from counsel to proceed to spend that money.

Ward: How do you pay back the bonds, through sales tax revenue?

Cook: Yes

Ward: And is there a myriad of categories of paying back bonds?

Cook: Yes Sir, there are a lot of different ways.

Callow: In Phoenix our bonds are paid for by the secondary property taxes.

Ward: Is it a direct payment from property tax to the bond?

Callow: The County collects it and then it comes back to the city and the bond is paid off.

Cook: I may have misspoken earlier, but I do believe it is a secondary property tax for the City of Chandler as well.

Ward: Thank you. If we develop a relationship with a client city, much like we do the private sector, how do we know if the client city is going to have the money to move forward and pay their share? It helps me understand how cities work. Tom, when the City of Phoenix becomes a client city of Maricopa County, whether through the District or MCDOT, how do you make sure the money is there for the project?

Callow: We prepare a five-year program. We know what our revenue stream is over the five-years. All the projects are listed and annually we go back to the Counsel and update it and add the new 5th year. We know we have bonds and we spend the bonds we have.

Ward: So every year you are renewing that budget?

Callow: We are renewing the budget, but the bond program only goes out to a public vote once every five-years. It is a five-year program, so we get five-years worth of authorization. At the end of the 5-years we have to go back out to the voters and seek approval to issue new bonds.

Patel: I think that is part of the problem with cost share. The District is pay as you go and a partner is bond funded. Money does not always line up and the project falls through the cracks.

Ellegood: That really hasn't happened, typically at the point where everyone is committed there is an IGA (Inter-Governmental Agreement) in place. At that point, our client cities have identified where the revenue is coming from and have agreed to pay this amount of money and it becomes a binding commitment.

Patel: Land acquisition right now makes sense but they may not have the funds to be a good partner in that acquisition until their next bond issue.

Ellegood: In that case we will then make a decision as to whether we go ahead and buy this land. We will have a memorandum of understanding typically with the city that basically says we

understand you do not have the money right now. We will buy the land and at the time we want to build the basin we will negotiate something fair and equitable.

Patel: In essence we are being the bank?

Ellegood: Yes, but it beats the alternative, because it is pay me now or pay me later, particularly when it comes to land acquisition. We did this gut wrenching process in Mesa and in the Spook Hill area, we redesigned and redid all this work and we put all these basins in place. Now the land is being sold and there are shopping centers on it. So here we go back to the drawing board again. That is the decision process we go through in the case of this particular basin, we look at how long is it going to be there and can we afford it later. A lot of times it is cheaper to buy it now and hold it.

Patel: I agree.

ACTION: It was moved by Mr. Patel and seconded by Mr. Cooper to approve staff recommendations. The motion carried unanimously.

3) BUCKEYE WATERSHED PROJECT LAND ACQUISITION

Tom Renckly, P.E., Structures Management Branch Manager presented Resolution FCD 2002R018, for the Buckeye Watershed Project Land Acquisition.

Mr. Renckly began by reviewing the background of the Buckeye Watershed Project. The Project consists of three flood retarding structures or flood control dams and three floodways. The project was authorized originally in 1971 with an IGA between the District, ADOT (Arizona Highway Department) and NRCS (Natural Resources Conservation Services). Under the agreement ADOT acquired about 70% of the Project rights-of-way, and then granted flowage easements to the District. The Project was constructed under IGA's with NRCS in 1973 and 1974.

By agreement with the NRCS dated March 5, 1973, the Project is operated and maintained by the District and provides 100-year flood protection for Interstate 10 and downstream areas that are now primarily agricultural lands. The District views this offer to sell the fee land rights by ADOT as an opportunity to significantly improve the District's ability to protect and manage the Project and to assure safe and proper operation of the Project. Experience with other District projects has shown that when the District does not have full fee ownership, problems arise regarding additional uses granted on, over, and upon the real property by its fee simple owner.

This resolution would allow the District to acquire the 2450 acres of ADOT fee land and transfer that from a flowage easement to District fee land. This would significantly improve the District's ability to manage this Project. The property is appraised at \$4500.00 per acre as unencumbered. The appraiser looked at the encumbrance with the flowage easements and others and they appraised the remaining value at \$612.00 per acre. This amounts to the 2450 acres at \$612.00, which is about \$1,500,000.00. The Staff recommends that the Advisory Board endorse and recommend that the Board of Directors adopt resolution FCD2002R018 which would allow the District to negotiate with and acquire land in fee from the Arizona Department of Transportation for the Buckeye Watershed Project.

Discussion:

Patel: If the value that we are getting is better management, would it cost us 1.5 million dollars to have better management?

Ellegood: There is more to this story, it is a flood facility and it will always be a flood facility. The problems that Mr. Renckly pointed out are accurate. The people living near the Pointe, South Mountain do not realize that the Guadalupe FRS is a flood control structure; it is their golf course. We certainly encourage compatible uses like the golf course; however, sometimes it creates other problems, particularly if we are not part of all of the discussions and agreements. In addition, it appears there is probably more land behind the Buckeye structures than is needed for the basin, so consequently we can see what we can sell that land for. I think over time the Project will probably pay for itself. In addition, it is a utility corridor. There have been power lines proposed to run parallel to Interstate 10, as well as other utility lines. From a business point of view, it makes sense to do this.

Renckly: These are structures identified for potential future rehabilitation also. Buckeye FRS #1 is a dam that may be rehabilitated first. One of the alternatives we are currently looking at is to convert that dam into a flood channel and levee system and keep the same level of flood protection and potentially gain an even greater level of flood protection. We do have in the future a partner with NRCS under new federal rehabilitation authority. There would then be a potential to sell a portion of the flood pool because it would then be a channel.

Sands: Thanks Tom for explaining why the property is needed. I can identify with that as an employee of SRP, we run into the same situation all across town where we have easements but we don't own the land and it is a constant battle to get people to submit plans to us and get our comments in. One of the things we have found that works for us is not necessarily buying the property but instead acquiring an exclusive easement. Comments from Mike explain there may be some future incentives for owning this property as apposed to having an exclusive easement. Has this been considered with respect to having more firm rights to prohibit or at least have knowledge of crossings on your particular facility?

Renckly: That option had not been considered. The \$1.5 million is a pretty good price negotiation with ADOT. But we haven't specifically explored the exclusive easement option. Potentially on other areas that might be a good idea.

Sands: What we have found is that sometimes it cost as much to acquire an exclusive agreement as it does to own the land.

Ellegood: Jim Schwartzmann is here; we are getting out of the realm of engineering and into the area of real estate. I liked to ask Jim for his comments on this.

Schwartzmann: We actually did bring this up with ADOT when we discussed the purchase of the underlying fee. They indicated to us that if we wanted to buy an exclusive easement over the entire property that they would re-value the entire property. They are probably looking at 90% fee for those kinds of issues. \$615.00 per acre is a very small percentage of the fee value of the property compared to what they would charge us if we demanded rights over all of it. This was explored in our early negotiations and we decided that it was not worth it.

Long: The unauthorized utility lines at the Guadalupe FRS, is that directly related to the easement issue?

Renckly: That is correct, there is a golf course built upon that particular dam that I gave an example of. We have flowage easements at the location and we do get unauthorized utilities constructed there and in many other locations. Even owning land in fee does not solve all the problems but we have historically found we have much better control.

Ward: Tom, have you approached the people in Buckeye about participating with this Project at all?

Renckly: I am not aware that we have approached Buckeye. I believe the discussions have only been between the District and ADOT.

Ward: I was thinking there might be some amenities that protect a lot of the developable land in Buckeye. Is there any residual use or amenity use or can a client city step up because we are coming to their aid. Have we brainstormed an active use?

Ellegood: The area out there has not developed yet. I have been approached by a developer in the community who expressed an interest in building a residential area north of the pool area, he was asking about the feasibility of putting in a golf course. Certainly that is a compatible use as long as it doesn't fall within irrigation and utility lines. As far as approaching Buckeye, our experience with Buckeye is, their funds are limited. At some point in time if they want to put a joint facility out there, we would certainly work with them. But we have not initiated discussions at this point.

Callow: I can tell you from our perspective we would not be interested.

Long: How is it going with the FRS #1 and the areas of State Land?

Renckly: This particular resolution is for the opportunity we have with ADOT and the only discussions we've had have been between the District and ADOT. We have not approached State Land to acquire any State Land property. We do have flowage easements there. You could come up with a project to rehabilitate the structure and work with existing easements that we have. I think potentially in the future there is opportunity to do the same thing so that we have most of the structure in fee ownership. The BLM property is a little different situation, I'm not certain if it would be sold in fee. I would like to ask Jim Schwartzmann to answer that question.

Schwartzmann: We looked at potentially trying to purchase the State Land properties. They do not look at the overlying easement as having any value. They would charge us 100% of fee value if we wanted to buy the underlying fee. As far as the BLM property is concerned, we have fairly strong rights over that. Generally, when we get rights to flow water or construct a flood control project on federal lands they have a tendency to give us a lot more ability to control uses on those properties than either the State Land Department or ADOT. The reason we went to ADOT was to potentially purchase underlying fee at a reasonable cost. Also, in the future, if we change the structure of our structures we would be able to potentially sell some of that property.

Long: How much State Land is involved?

Renckly: It is approximately 485 acres.

Ward: What is the water table like?

Renckly: I'm not specifically familiar with the water table but in general it does run very deep.

Ward: Is this close to an irrigation district?

Renckly: There is about 36,000 acres of agricultural land down stream; I'm not sure what the specific irrigation districts would be.

Ward: Is it possible to lease this to someone for agricultural purposes or grazing rights? This is a big piece of property.

Renckly: I think there are opportunities when we own the land in fee to look at all types of multiple uses, including those that you mentioned.

Long: It sounds to me like the only one that has been approached is ADOT? Have we talked to State Land?

Lemmon: I would like to clarify that the State Land easements on these watersheds are not in the same status as the ones we are fighting over out in the east Valley. I believe we have paid for these; we do not have the issue of whether they are a valid easement with State Land. We know we have a good paid for easement from the State Land Department and they can't just someday say it is gone. To that extent, as an attorney, I am not as worried about the State Land. I would like to add a couple of comments. I have spent a lot of my time working with Tom Renckly from the District, dealing with unauthorized crossing of our dams. Dams are a little different than our other structures because of the huge liability and also the contractual responsibility we have with NRCS. We cannot escape that fact because we have these old agreements and that we will maintain these forever and ever. It's a little different than a levee or basin when we have a federal responsibility. From an attorney's standpoint, to be able to firm up our ownership is very attractive. We have fought a lot with Gosnelle Development at South Mountain. It has caused a lot of problems trying to keep out those unauthorized crossings. Most of it is because people don't remember there is an easement. The ownership or management changes and the memory is

gone. There have been some ADOT areas, the basins along Interstate 10 for example, when ADOT put them up for auction and they were sold and we were not aware of it. We were engaged in a court battle attempting to establish those basins that had been used for storm water for a long time. We ended up buying those easements. ADOT's land management thoughts do not always coincide with ours. They have a different mission, transportation. Sometimes it has been necessary to protect our flood control interests. Whether you choose to do this or not, we do have good easements out there. It is quite possible ADOT could sell that out from under us.

ACTION: It was moved by Mr. Cooper and seconded by Mr. Patel to recommend adoption of the Buckeye Watershed Project Land Acquisition, FCD 2002R018 by the Board of Directors. The motion carried unanimously.

4) EMF MODIFICATIONS PROJECT

Mike Ellegood introduced the EMF Modifications Project to the Flood Control Advisory Board. Mike stated the project is unique for the District. We have a general policy of disposing of land that becomes excess to our needs and we can we try to enhance its value so that it will bring a greater price on the market. This project takes it the next step. We have done a land development plan on it and we have shared that information with you individually but would now like to share the plans with all of you. Mike then introduced Jim Schwartzmann and Lucia deCorde.

Jim Schwartzmann, Public Works Lands and Right-of-Way Division Manager and Lucia deCorde, Landscape Planner presented Resolution FCD 2002R016, for the EMF Modifications Project, Chandler Heights Road to Riggs Road.

Jim discussed the opportunity to retrofit the East Maricopa Floodway (EMF) to implement multiple objectives of the East Maricopa Floodway Capacity Mitigation and Multi-use Corridor Study, completed in August 2000. Enhancement of the existing channel would improve aesthetics and allow multi-use functions in accordance with the Board approved Landscape and Aesthetics Policy.

Lucia presented the goals of the project. Retrofitting of the facility would include modifying the overall form of the channel, undulating side-slopes and re-grading of the bank areas. Initial re-vegetation of the site is also included. The improved channel corridor would also provide opportunities for the Maricopa County Regional Trail System, wildlife habitat mitigation and other open space amenities. The improvements are intended to further enhance the community value of the EMF facility through aesthetic improvements to conform to its suburban context. Lucia and Jim gave details identifying a portion of the site that can be sold as excess, enhancing the economic value of the site. The proposed master plan/concept will complement both the open space corridor of the EMF and the adjacent neighborhoods. The economic return to the District would yield proceeds that could be used to implement the retrofit project and possibly provide additional proceeds to the District.

Discussion:

Ellegood: We are also increasing the capacity of the East Maricopa Floodway, which drives all of our projects. We started out needing to increase the capacity and it is still an essential element of the project.

Callow: We are not proposing to build the subdivision; we are just platting it and selling undeveloped land?

Schwartzmann: That is correct, we are not going to even build streets within the subdivision.

Patel: When other public agencies have a development project, isn't it normal to go totally to a private sector where you ask the community to come in and give you the widen channel with all the landscaping features and also pay you and in return they will get back the parcel of land to save the District from having to finance the project and from getting into the land development business?

Callow: Some of the things we have done in that regard is that the property is in private ownership to begin with and is encumbered by either a floodplain or a flooding problem needing to be resolved before it can be developed. The difference in this case is the District owns the property. We could probably sell it unencumbered and reduce the price but in return the developer would build all of these things for us.

Patel: Is there an easier way of achieving the objective you laid out without us getting into an area where we don't have a lot of expertise?

Schwartzmann: We have in fact done this before. We have zoned properties and have generated significant revenues because the District rezoned the land. The State Land Department does it all the time. We are required by state law to go to public auction for any excess property we want to sell or we offer it to another governmental agency. If we place other kinds of requirements on a public auction sale, we will have problems in determining high bidder, in determining fair market value, and in clarifying some of the other issues we have to clarify. For us to actually construct the project and pay for it with a separate public auction sell is actually a very clean way for us to work it. We end up with cash rather than having to monitor the work of a private company and also trying to figure out what they may actually construct. We will know exactly what is going on because we will have the stipulations we need to protect our project as well as being able to maximize our abilities to make money from the sale of the property. It is not a difficult process.

Cooper: I am in the development business; the land is in a great area. I applaud the staff's efforts to think outside the box on this project. The District can invest very little effort and substantially increase the value of the property. I do need clarification; you said final plat in your comments. Did you mean final or preliminary plat?

Schwartzmann: I meant final plat through the county zoning office.

Cooper: In order to do a final plat you must have all the engineering for the project done. If that is the case you need to reduce the total profits.

Schwartzmann: I misspoke it is a preliminary plat.

Cooper: That is an important distinction. You can get the greatest increase in land value with the preliminary plat. After that, you have to start investing a lot of money in engineering solving all the power, sewage utility and water issues in order to get the final plat. I think this is a very wise thing for the District to take a look at. You are conforming to the general plan for the area. One condition before the property is sold to a private party is to annex the property to a town or city. Once a property is sold the owner is not typically interested in having their property annexed. There are a lot of reasons why a city should have this property in its boundaries. The city will not maintain this unless it is annexed to their city. That is a condition I would like to talk to the staff about. I appreciate the staff working with the Town of Gilbert on this project and knowing what the Town's standards are.

Schwartzmann: We are certainly willing to do that before we go to public auction. We have discussed it and think it is a good idea too.

Callow: What is the value of the land if we just sold it as is?

Schwartzmann: In discussions with appraisers they estimated it would be anywhere from 40% to 15% lower in value. It depends on what the market is like at the time we go to public auction. One planner and one appraiser estimated, because of the size of the parcel and the corporation of

the EMF and the Trail System, the District could sell it for about 40% less than it would go for in zoned condition.

Callow: Does the 40% pay for all the improvements we are required to make in order to get the 40% back?

Schwartzmann: Yes, we are anticipating a cost of less than \$20,000 to go through the zoning for the preliminary plat.

Callow: No, I meant in terms of the amenities we are adding, which are not typical flood control projects.

Schwartzmann: No, it would not.

Callow: So we are setting a new standard here for flood control participation on amenities on flood control channels, is that my understanding?

Ellegood: It's not a new procedure, it is basically employing the authority we already have. It extends it and is a new application but it is all within our authority boundaries.

Cooper: If you sell the land now, you decrease the value. One of the things that makes this project so attractive is the sections of flood control land that penetrate into the subdivision. That open space adds value. If you sell it in bulk you do not have the capabilities to do these things.

Schwartzmann: We feel the same way. . We don't believe a private developer should enhance his bankroll with the extra 40%. The District should take the money and put it into other projects.

Long: Do we know any of the other landowners in the area?

Schwartzmann: I don't know any of the other landowners in the area. The properties to the east are zoned in a similar fashion. There is a private property owner with a property on the south of the parcel. The zoning is R-16, it is a fairly high-density residential home track. The main problem they have is they are not very close to a sewer system. We have not talked to other property owners in the area yet. We probably will once we put the property up for auction.

Lemmon: The information does not go to the decision on this part of the project but the mitigation that was shown on the map to the north, is under agreement with the U.S. Army Corps of Engineers for another project, whether or not this section goes we have an obligation to do the mitigation area.

Cooper: I would like to have you consider in the resolution a mention of the preliminary plat. You don't have to have zoning to do a preliminary plat, clarify your intentions.

Ellegood: Yes, that's a point well taken and in an effort to save time, if it is the Board's intention we will amend the resolution, and ask for your approval at the appropriate time.

ACTION: It was moved by Mr. Patel and seconded by Mr. Cooper to approve staff recommendations with the change in the resolution to say "preliminary plat". The motion carried with the exception of Mr. Ward who abstained for cause and a nay vote from Mr. Callow.

5) U.S. ARMY CORPS OF ENGINEERS 1135 – ENVIRONMENTAL ENHANCEMENT PROGRAM FOR THE AGUA FRIA RIVER IN AVONDALE

Doug Williams, AICP, Regional Planning Manager, presented the Environmental Enhancement Program for the Agua Fria River for information only. The project area involves the lower seven miles of the Lower Agua Fria River from the Gila River to Thomas Road, within the city limits of the City of Avondale and portions of the unincorporated areas of Maricopa County. The project is intended to address environmental restoration and enhancement of this portion of the Agua Fria River. As required of all U.S. Army Corps of Engineer civil works projects, a co-sponsor must cost-share 25 percent of the project cost bringing the total money available for restoration to \$6,500,000.00. The City of Avondale has indicated an interest to cost share with the District on a fifty/fifty (\$750,000 each) basis.

Doug also presented the recommended alternative locations of two specific areas for wetland type environmental enhancement. The northern area includes approximately 80 acres immediately above and below the Interstate 10 Freeway, between McDowell Road and Van Buren Street. The southern area includes approximately 60 acres adjacent to and below the Avondale wastewater treatment plant, south of Broadway Road. A serious constraint concerning the FAA required 10,000-foot clear bird strike prevention from the Goodyear/Phoenix airport. This prevents other locations along the Agua Fria River from additional enhancement. The District would be the lead agency for construction management of the wetland enhancement area that would be included as an in-kind contribution to any agreement with the U.S. Army Corps of Engineers. Avondale has indicated the City would be responsible for the maintenance and for providing water for the enhanced areas.

Discussion:

Cooper: It seems to be a good opportunity to spend \$750,000.00 and get benefits of \$ 5 million.

ACTION: No action required – for information and discussion only.

6) **JOINT FLOOD CONTROL ADVISORY BOARD AND BOARD OF DIRECTORS WORK SESSION**

Mike Ellegood reminded everyone of the Joint FCAB and Board of Supervisors work session, Thursday, December 5, 9:00 a.m. on the 10th floor at 301 West Jefferson. Mike gave the Board an outline of the items he will be presenting at the meeting. In terms of budgeting, Mike is going to ask the Board of Supervisors to sustain our current tax rate of \$.2119 for the next two years. This will generate revenue next year of about 47 million dollars. He will ask for the tax rate to increase by one cent the third year out and stay constant for the next two years. Mike believes that with this level of funding, we can meet our commitments to our client cities. He also believes the revenue that will be generated will allow us to sustain operations as this county grows. It is a modest proposal and it will meet with serious objection from the County Administration. Mike asked for assistance from the FCAB Board Members to convince the County otherwise. In addition, Mike stated he would be talking about the cost share policy. The policy is a good policy but given the direction we are headed in and the financial state some of our client cities are in; we need to re-think the policy. Mike will also be sharing with the Board of Directors a draft summary of the internal audit findings. Legislative Resolution Number 27 brought forth by the League of Cities allows certain major municipalities, primarily Tucson and Phoenix, to opt out of flood control districts. We are concerned about the potential outcome if that occurs. Drainage Administration is still an issue. We think it should remain with the District.

Discussion:

Callow: I have not looked at the Resolution 27, is it limited to large municipalities or can anyone opt out?

Ellegood: As I read it, I believe it was large cities. I have a copy I will be happy to give it to you.

Callow: Just so you know, we have not decided our position.

Ellegood: There may be alternatives to opting out. These are the things we are going to discuss at tomorrow's meeting. I would like to ask that this Board offer their opinions to the Board of Directors.

7) COMMENTS FROM THE CHIEF ENGINEER AND GENERAL MANAGER

Mike Ellegood gave bad news about one of the District's staff members. Harry Hollander was involved in a very serious automobile accident on Friday, November 22. Harry is in Surgical Intensive Care at Maricopa County Medical Center. He is on a respirator; his prognosis is good but he is unable to breathe because of damage to his lungs and rib cage. Our hopes and prayers are with him. His sister is here with him and we are checking with the Intensive Care Nurse on a daily basis.

Mike informed the FCAB the bids were open for the Doubletree Ranch Road Project yesterday. The low bidder was Blucor at 7.7 million dollars. Our Engineers estimate was about 12.25 million dollars. We had six bidders and a good turn out and we are now reviewing the Blucor bid to make sure all the statutory requirements are met.

Discussion:

Callow: Blucor has done a couple of street jobs for us and they used to be strictly a cast in place pipe company. They have been on a couple of major jobs for us and have finished them.

Mike shared some personnel changes with the FCAB. There were several applicants for the Planning and Project Division Manager. Russ Miracle was the selected new manager of the Division. Mike also announced the recent selection of Tim Phillips as Deputy Chief Engineer and General Manager. Tim Phillips will take on the responsibility of oversight of all of our administrative and support functions including IT, Finance, Human Resources and Public Relations on a daily basis. He will bring his good management skills to bear on the District. Dave Brozovsky has announced his intention to retire in the fall.

Mike gave each of the FCAB members a copy of the Internal Audit Summary draft. Mike also stated the Drainage Administration Proposal is still an item the Office of Management and Budget was looking at transferring to the Planning and Development Department.

Discussion:

Ward: If the District staff is transferred to Planning and Development would the funds from your budget move over there?

Ellegood: It would take funds from our budget but it would probably not go to Planning and Development, they are an enterprise fund and have their own revenue source.

Mike stated 9 issues were looked at in the Internal Audit. Issue #6 is a key issue. According to the Auditor, the Statute that established the Flood Control District requires the Chief Engineer to certify to the Board of Directors every year what the funding needs will be for the following year. Based on Mike's identifications of the District's funding needs to provide flood protection in the Valley, the Board of Directors then should determine what the tax rate needs to be to support the funding and then in turn give it to the Board of Supervisors for approval. As we all know the District gets budget guidance and a budget is fabricated to fit the available funding. The Auditors listed this as a finding and we will advise the Board of Supervisors of the findings. Issue #8 concerns the Disaster Recovery Plan; this plan is being worked on and will be complete in about one month. Mike stated he is overall pleased with the outcome of the audit and he pointed out that the Internal Audit Summary is still a draft, but wanted everyone to be aware of the findings.

Mike announced the Management Team Retreat of the Flood Control District Management Team. There have been a number of changes in the Management Team. Some team building and

planning and re-focusing of priorities is needed with the new Team. The current plan is to go to Usery Mountain Park and do field exercises with teams. One of our client cities will speak to the group and Mike will have a planning and refocusing session.

8) SUMMARY OF RECENT ACTIONS

Actions of the Board of Supervisors were included in the FCAB packet.

11) OTHER BUSINESS AND COMMENTS FROM THE PUBLIC

There was no other business or comments from the public.

The meeting was adjourned at 4:07 p.m. by general consent.

Scott Ward
Secretary of the Board

Alicia Robertson
Clerk of the Board